

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA IMMEDIATE

C O N F I D E N T I A L STATE 110198

C O R R E C T E D C O P Y (MRN 110198, VICE 111018)

E.O. 11652: GDS

TAGS: OVIP (MONDALE, WALTER F.), ID

SUBJECT: VICE PRESIDENT'S TRIP: TALKING POINTS

1. FOLLOWING PARAS CONTAIN SUMMARY LIST OF TALKING
POINTS FOR VICE PRESIDENT AS CONDENSED FROM ISSUES PAPER.
VICE PRESIDENT DEPARTED WASHINGTON APRIL 28. EMBASSY
MAY, OF COURSE, WISH TO UPDATE ANY ISSUES WITH OFF CIAL
PARTY ON ARRIVAL.

2. BEGIN TEXT:

CONGRATULATIONS TO SUHARTO

-- CONGRATULATE SUHARTO ON HIS REELECTION, AND
MALIK ON MOVING UP TO A NEW, IMPORTANT POST.

-- DELIVER PRESIDENT CARTER'S LETTER TO SUHARTO.
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THE U.S. POSTURE IN ASIA

-- REVIEW THE CONTINUING U.S. ROLE IN THE REGION AND
OUR POLICIES FOR BILATERAL ECONOMIC AND MILITARY
SUPPORT FOR INDONESIA AND ENCOURAGING ADDITIONAL
ECONOMIC ASSISTANCE FROM OTHERS.

COMMENT ON OUR MILITARY CAPABILITIES AND FLEXIBILITY
AND OUR RECOGNITION OF OUR COMMON INTERESTS WITH OUR
LONG-STANDING ASIAN FRIENDS SUCH AS INDONESIA, THE

ASEAN STATES, AND OUR ALLIES IN THE REGION.

-- EMPHASIZE THE IMPORTANCE THE U.S. ATTACHES TO ASEAN.

-- ASK SUHARTO FOR HIS VIEWS ON DEVELOPMENTS IN SOUTH-EAST ASIA.

U.S. SECURITY ASSISTANCE

-- OUR GENERAL POLICY ON ARMS TRANSFER IS ONE OF RESTRAINT. HOWEVER, WITHIN THIS POLICY, THERE IS ROOM FOR INDONESIA TO PURCHASE ESSENTIAL MILITARY EQUIPMENT FROM U.S. SOURCES.

-- OUR INTEREST IN INDONESIA'S NEEDS IS DEMONSTRATED BY A) USG AGREEMENT TO PROVIDE A SQUADRON OF F-5 AIRCRAFT UNDER FMS CREDIT, B) OUR AGREEMENT IN PRINCIPLE FOR CO-PRODUCTION OF THE M-16 RIFLE, AND C) RECENT IMPROVEMENT IN TERMS OF OUR FMS CREDITS.

THE U.S. HAS PROPOSED TO CONGRESS FOR FY 79 AN
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FMS FINANCING LEVEL OF 40 MILLION DOLS. THE FY 1980 BUDGET PROCESS HAS NOT YET BEGUN AND ANY DECISION WILL ALSO REQUIRE CONGRESSIONAL AUTHORIZATION. HOWEVER, WE WILL, OF COURSE, GIVE SYMPATHETIC CONSIDERATION TO INDONESIA'S ESSENTIAL DEFENSE REQUIREMENTS AND THE OVERALL SITUATION IN THE AREA. FMS AND COMMERCIAL CASH SALES ARE ALSO AVAILABLE.

-- (IF ASKED) YOU SHOULD POINT OUT THE POTENTIAL PROBLEMS AND STATE OUR WILLINGNESS TO CONSIDER THE SALE OF A SQUADRON OF RECONDITIONED A-4 AIRCRAFT.

-- (IF ASKED) WE CANNOT FURTHER IMPROVE THE TERMS OF FMS CREDITS, WHICH ARE AMONG THE MORE FAVORABLE AVAILABLE TO ANY COUNTRY, NOR CAN WE MAKE FIRM MULTI-YEAR FINANCING COMMITMENTS.

FOOD

-- WE WELCOME INDONESIA'S PROGRAMS AND DEDICATED EFFORTS TO ACHIEVE FOOD SELF-SUFFICIENCY. WE WISH TO OFFER U.S. COOPERATION IN SEEKING TO PRODUCE INCREASING

QUANTITIES OF RICE AND OTHER IMPORTANT CROPS TO MEET THE NEEDS OF YOUR GROWING POPULATION.

-- WE LOOK FORWARD TO INDONESIA'S PREPARATION OF ITS LONG-TERM RURAL DEVELOPMENT PLANS AND STRATEGY TO

DEAL WITH THE POLICY NEEDS THAT WILL BE HIGHLIGHTED
IN THE FORTHCOMING WORLD BANK STUDY OF THE INDONESIAN
AGRICULTURAL SECTOR. THE U.S. WILL BE PREPARED TO
CONSIDER SUBSTANTIALLY INCREASED AID TO INDONESIA IN
COMING YEARS IN AREAS THAT WOULD JUSTIFY OUR SUPPORT,
AND BOB MCNAMARA HAS ASKED ME TO SAY THAT HE IS PRE-
PARED TO DO THE SAME.
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-- AS A MEASURE OF OUR CONFIDENCE THAT INDONESIA WILL
COMMIT ITSELF TO THE KIND OF RURAL DEVELOPMENT PLAN
THAT IS NEEDED, WE ARE PREPARED NOW TO PROVIDE 17.5
MILLION DOLS OF PL 480, OR 50,000 TONS OF RICE IN U.S.
FY 1978.

-- FUTURE LEVELS OF PL 480, AS OF OTHER TYPES OF AID,
WILL OF COURSE, DEPEND ON THE NATURE OF THE INDO-
NESIAN DEVELOPMENT PLAN AND THE COMMITMENT TO EFFEC-
TIVE PROGRAMS TO INCREASE FOOD PRODUCTION AND IMPROVE
RURAL LIFE. THUS, THIS YEAR'S LEVEL OF PL 480 DOES
NOT CONSTITUTE A FLOOR FOR NEXT YEAR'S PROGRAM. WE
HOPE THAT FUTURE PL 480 CAN BE SHIFTED INCREASINGLY
TO TITLE III, WHICH IS MORE CLOSELY LINKED TO
DEVELOPMENT. IT SHOULD BE EMPHASIZED THAT
TITLE III AID CAN BE LINKED TO OVERALL DEVELOP-
MENT POLICY, AS WELL AS TO SPECIFIC DEVELOPMENT
PROJECTS.

-- WHILE WE FORESEE A CONTINUING ROLE FOR TITLE I
ASSISTANCE, THE AMOUNT OF COMMODITIES ALLOCATED
GLOBALLY TO THAT PROGRAM WILL DECLINE OVER TIME
AS TITLE III PROGRAMS ARE DEVELOPED, WITH A PRIORITY
CALL ON AVAILABLE FOODSTUFFS. THUS, AN EARLY SHIFT
BY INDONESIA TO CONSIDERATION OF TITLE III ACTIVITIES
WOULD BE PRUDENT.

BILATERAL ECONOMIC ASSISTANCE

-- EXPRESS SATISFACTION WITH AGREEMENT ON THE RURAL
ELECTRIFICATION PROGRAM.

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-- YOU MAY FURTHER OFFER A HIGH LEVEL TEAM OF
AMERICAN RURAL ELECTRIFICATION EXPERTS TO ADVISE
THE GOI ON ITS FUTURE EFFORTS IN THIS FIELD,

INCLUDING THAT ELEMENT IN THE FORTHCOMING FIVE YEAR
DEVELOPMENT PLAN.

PEACE CORPS

-- SUGGEST A POSSIBLE ROLE FOR THE PEACE CORPS AS A NEW ELEMENT IN OUR ASSISTANCE FOR ACCELERATING ECONOMIC DEVELOPMENT (PARTICULARLY FOOD PRODUCTION). THIS COULD PERHAPS BEST BE ACCOMPLISHED IN COOPERATION WITH INDONESIAN VOLUNTEERS. IF YOU BELIEVE THIS CONCEPT HAS MERIT, OUR TWO GOVERNMENTS COULD DISCUSS IT FURTHER.

ASEAN

-- NOTE THAT THE US HAS BEEN FOLLOWING THE DEVELOPMENT OF ASEAN WITH GREAT INTEREST AND ADMIRATION.

-- A US-ASEAN MINISTERIAL-LEVEL MEETING WILL ENHANCE US RECOGNITION OF ASEAN SINCE IT WOULD INCLUDE A MEETING WITH THE PRESIDENT, PARTICIPATION OF CABINET SECRETARIES, MEETING WITH CONGRESS AND MAXIMUM PRESS, ACADEMIC AND BUSINESS EXPOSURE.

-- IF PROPOSED BY ASEAN, WE ARE READY TO FORM A US/ASEAN ENERGY WORKING GROUP WE ARE READY TO FORM A US/ASEAN ENERGY WORKING GROUP WHICH COULD CONSIDER PROBLEMS AND POSSIBLE SOLUTIONS TO THE ENERGY NEEDS OF THE REGION.

ENERGY COOPERATION

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-- OUR COUNTRIES HAVE A COMMON INTEREST IN SEEKING OPTIMUM UTILIZATION OF AVAILABLE ENERGY RESOURCES. YOUR GOVERNMENT HAS ALREADY RAISED THE QUESTION OF COOPERATION WITH U.S. AGENCIES ON A STUDY OF YOUR COAL DEVELOPMENT.

-- WE THUS SUGGEST EARLY EXPLORATION OF THE NATURE OF YOUR DATA ASSESSMENT REQUIREMENTS IN THE ENERGY FIELD. WE ARE PREPARED TO SEND AN EXPERT TEAM TO JAKARTA IN THE VERY NEAR FUTURE TO DISCUSS COOPERATION.

NUCLEAR NON-PROLIFERATION

-- WELCOME INDONESIA'S DECISION TO RATIFY THE NPT AND URGE EARLY PARLIAMENTARY ACTION.

-- NOTE THE PROGRESS MADE BY THE INFCE TO DATE AND

EXPRESS HOPE THAT INDONESIA WILL BE ABLE TO PARTICIPATE IN ITS DELIBERATIONS.

-- EXPRESS READINESS TO RENEGOTIATE OUR BILATERAL NUCLEAR AGREEMENT.

HUMAN RIGHTS

-- NOTE OUR UNDERSTANDING OF INDONESIA'S TRADITIONAL VALUES, AND ACKNOWLEDGE THE FAVORABLE TRENDS ESTABLISHED BY THE GOI IN (A) ADHERING TO ITS SCHEDULE FOR THE RELEASE OF POLITICAL DETAINEES AND (B) COOPERATING WITH THE ICRC ON PRISON VISITS.

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-- SUGGEST THAT THESE TRENDS WOULD BE ENHANCED AND PUBLICITY WOULD BE LESS SENSATIONAL IF RELEASES WERE SCHEDULED THROUGHOUT THE YEAR RATHER THAN BUNCHING THEM AT THE END OF THE YEAR. ALSO, INQUIRE AS TO PLANS FOR TRYING POLITICAL DETAINEES NOT DUE FOR RELEASE.

EAST TIMOR

-- NOTE THE POSITIVE RESULTS OF THE AMNESTY PROGRAM.

-- EXPRESS OUR HOPE THAT INDONESIA WILL SOON FIND IT POSSIBLE TO INVITE THE ICRC OR THE CRS TO VISIT EAST TIMOR. NOTE THAT INDONESIA'S EFFORTS TO RESETTLE DISPLACED PERSONS WITHIN EAST TIMOR AND IMPROVE THE CONDITIONS OF THE PEOPLE COULD BENEFIT FROM THE HELP OF HUMANITARIAN OR CHURCH ORGANIZATIONS.

MULTILATERAL TRADE NEGOTIATIONS (MTN)

-- THE UNITED STATES HAS COMMITTED ITSELF TO SEEKING SIGNIFICANT RESULTS IN THE MTN BY MID-JULY. WE STRONGLY URGE OTHERS TO JOIN US WHOLE-HEARTEDLY IN THIS ENDEAVOR.

-- IT IS IN THE INTEREST OF ALL COUNTRIES TO PARTICIPATE TO THE UTMOST IN THE MTN. THESE NEGOTIATIONS ARE VERY LIKELY TO DETERMINE THE SHAPE OF THE TRADING SYSTEM, AND THE CONDITIONS UNDER WHICH COUNTRIES IMPORT AND EXPORT FOR THE NEXT DECADE OR MORE.

INVITATION FOR PRESIDENTIAL VISIT

-- (IF AN INVITATION IS EXTENDED TO PRESIDENT CARTER)
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EXPRESS GRATITUDE AND ASSURANCES THAT PRESIDENT CARTER HOPES TO HAVE AN OPPORTUNITY TO ACCEPT. NOTE THE MANY DEMANDS ON THE PRESIDENT'S TIME AND THE PRESSING DOMESTIC AND FOREIGN MATTERS PREVENTING HIM FROM TRAVELLING TO ASIA THIS YEAR.

NORTH-SOUTH DIALOGUE

-- THE UNITED STATES IS SYMPATHETIC TO DEVELOPING COUNTRY DESIRES TO IMPROVE THE INTERNATIONAL ECONOMIC ORDER. WE HAVE JOINED THE INTERNATIONAL TIN AGREEMENT AND THE INTERNATIONAL SUGAR AGREEMENT AND HAVE ANNOUNCED OUR READINESS TO NEGOTIATE ON THE CREATION OF A NATURAL RUBBER AGREEMENT.

-- WE WELCOME THE MODERATE WAY IN WHICH INDONESIA HAS APPROACHED COMMON FUND ISSUES. WE ARE PREPARED TO TAKE AN ACTIVE PART IN THE RESUMED COMMON FUND NEGOTIATIONS, AND WE HOPE TO BE ABLE TO CONTINUE TO WORK COOPERATIVELY WITH INDONESIA TO ACHIEVE A MUTUALLY ACCEPTABLE OUTCOME.

FOREIGN INVESTMENT AND RESOURCE DEVELOPMENT

-- THE UNITED STATES CONSIDERS PRIVATE FOREIGN INVESTMENT IN INDONESIA AS A USEFUL COMPLEMENT TO OTHER MEANS OF RESOURCE TRANSFER AND IS PLEASED THAT INDONESIA CONTINUES TO WELCOME IT. NOTE THAT WE REGARD THE REORGANIZATION OF THE INVESTMENT BOARD (TO SIMPLIFY AND EXPEDITE THE DECISION PROCESS FOR NEW INVESTORS) AS A USEFUL APPROACH TO IMPROVING BUREAUCRATIC PROCEDURES AFFECTING FOREIGN INVESTMENT.
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-- WE UNDERSTAND THE DIFFICULTIES WHICH THE LONG AND COMPLEX U.S. REGULATORY PROCESS HAS CREATED FOR ENERGY RELATIONS BETWEEN OUR TWO COUNTRIES IN THE LAST FOUR YEARS. THE PATIENCE OF THE INDONESIAN GOVERNMENT DURING THIS PERIOD OF UNCERTAINTY IS MUCH APPRECIATED.

-- THE IRS IS CONTINUING ITS REVIEW OF THE CASE, APPRECIATES THE RECENT CLARIFICATIONS RECEIVED FROM THE GOI AND WILL REACH A FINAL DECISION VERY SOON.

-- WE LOOK TO AN EARLY COMPLETION OF THE LENGTHY DOE AND CALIFORNIA STATE REVIEWS OF MAJOR ISSUES RELATING TO THE LNG AGREEMENT.

REGULAR BILATERAL DISCUSSIONS

-- THE UNITED STATES VALUES REGULAR DISCUSSIONS WITH
INDONESIAN LEADERS. WE HAVE THUS WELCOMED THE
VISIT OF YOUR HIGH-LEVEL OFFICIALS TO WASHINGTON
AND OPPORTUNITIES FOR AMERICAN OFFICIALS TO VISIT
JAKARTA. WE HOPE THAT PROCESS WILL CONTINUE ON
BOTH SIDES.

-- SECRETARY VANCE LOOKS FORWARD TO MEETING WITH
FOREIGN MINISTER MOCHTAR. WE WOULD CONSIDER
CONSULTATIONS IN CONNECTION WITH THE US-ASEAN
DIALOGUE TO BE HELD IN WASHINGTON THIS SUMMER
OR AT THE UNITED NATIONS IN THE FALL.

-- I THUS SUGGEST THAT WE CONTINUE OUR PRACTICE
OF CLOSE BILATERAL CONSULTATION BUT BE GUIDED
MORE BY RECURRING OPPORTUNITIES THAN BY A SET
SCHEDULE. VANCE
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